

FRANCHISE DISCLOSURE DOCUMENT

Brixday Party Franchise LLC
A California limited liability company
11200 Prairie Stone Place
Bakersfield, CA 93311
661-378-2797
whowantstoplay@brixdayparty.com
www.brixdayparty.com



The franchise is to operate a business offering children's Lego®-themed birthday party rental and other services under the trade name Brixday Party.

The total investment necessary to begin operation of a Brixday Party franchise is \$17,650 to \$28,950. This includes the \$10,000 franchise fee that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Aaron Klassen at P.O. Box 22462, Bakersfield, CA 93390-2462 and 661-378-2797.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW. Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance date: May 6, 2016

STATE COVER PAGE

Your state may have a franchise law that requires us to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN California. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN California THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT California LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following chart lists states which require that this disclosure document be registered or filed with the state or be exempt from registration. In these states, the effective date of this disclosure document is as follows:

State	Effective Date
California	Pending
Hawaii	Not applicable
Illinois	Not applicable
Indiana	Not applicable
Maryland	Not applicable
Michigan	Not applicable
Minnesota	Not applicable
New York	Not applicable
North Dakota	Not applicable
Rhode Island	Not applicable
South Dakota	Not applicable
Virginia	Not applicable
Washington	Not applicable
Wisconsin	Not applicable

In the following states, we have filed a notice of exemption from the registration or filing requirements of the state's business opportunity laws with respect to the offering described in this disclosure document:

State	Effective Date
Connecticut*	Not applicable
Florida	Not applicable
Kentucky*	Not applicable
Nebraska	Not applicable
Texas*	Not applicable
Utah	Not applicable

* One-time filing

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
 G. Mennen Williams Building, 7th Floor
 525 W. Ottawa Street
 Lansing, Michigan 48909
 Telephone Number: (517) 373 7117

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EXHIBITS

- A. State Administrators and Agents for Service of Process
 - B. Franchise Agreement
 - C. Guaranty and Non-Compete Agreement
 - D. Form of General Release
 - E. Financial Statements
 - F. Operating Manual Table of Contents
 - G. Current and Former Franchisees
 - H. State Addenda to Disclosure Document
 - I. State Addenda to Franchise Agreement
- Receipt (2 copies)

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, “we”, “us,” or “our” refers to Brixday Party Franchise LLC. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement (Exhibit C), which means that all of the franchise agreement’s provisions also will apply to your owners.

Us, Any Parents, and Certain Affiliates.

Our name is Brixday Party Franchise LLC. We were created on March 1, 2016. Our principal business address is 11200 Prairie Stone Place, Bakersfield, CA 93311. We do not have any parent entities. We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

Our Predecessors

We do not have any predecessors.

Our Business Name

We use the names “Brixday Party Franchise LLC” and “Brixday Party”. We do not intend to use any other names to conduct business.

Agent for Service of Process

Our agent for service of process in California is Aaron Klassen, and the agent’s principal business address is 11200 Prairie Stone Place, Bakersfield, CA 93311. Our agents for service of process in other states are disclosed in Exhibit A.

Business Organization

We are a limited liability company organized in California.

Information About Our Business and the Franchises Offered

(i) We (that is, Brixday Party Franchise LLC) do not operate businesses of the type being franchised, but our affiliate does.

(ii) We do not have any other business activities. We have not offered franchises in other lines of business.

(iii) If you sign a franchise agreement with us, you will develop and operate a children’s Lego®-themed birthday party rental company and other services under the trade name Brixday Party.

(iv) The general market for children's party and event services is children between the ages of 2 and 8 and their parents. The Lego® specific market is relatively undeveloped. Our customers are primarily parents of young children who want to host a fun birthday party.

(v) We are not aware of any laws or regulations specific to our industry.

(vi) You will compete against event providers that target at the same age range as us. Some of these competitors have their own venues and large financial resources.

(7) Prior Business Experience

We have offered franchises since 2016. None of our affiliates has offered franchises in other lines of business. None of our affiliates provides products or services to our franchisees.

Our affiliate, Brixday Party, LLC has operated Brixday Party in Bakersfield, California since 2014. This affiliate has the same business address as us.

**Item 2
BUSINESS EXPERIENCE**

Aaron Klassen – President. Aaron Klassen has been president of Brixday Party in Bakersfield, California. He was Project Accountant with Klassen Corporation in Bakersfield, California from January 2012 until May, 2015.

**Item 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**Item 4
BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**Item 5
INITIAL FEES**

The following are our initial fees and any conditions under which these fees are refundable. For this section, "initial fees" means all fees and payments, or commitments to pay, for services or goods you received from us or any affiliate before your business opens, whether payable in lump sum or installments.

Franchise Fee

When you sign your franchise agreement, you must pay us \$10,000 as the initial franchise fee. This fee is uniform.

If (1) you fail to complete the initial training program to our satisfaction, or (2) we conclude, no more than 10 days after you complete the initial training program, that you do not have the ability to satisfactorily operate your franchise, then we have the right to terminate your franchise agreement. If we do so, we will refund your franchise fee less any out-of-pocket costs we have incurred, subject to your signing a general release of our liability. Otherwise, the franchise fee is not refundable.

Item 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	8% of your gross sales	Monthly, on the 5 th day of the following month	See Note 1.
Marketing Fund Contribution	1% of your gross sales (may be raised up to 2%)	Monthly, on the 5 th day of the following month	We currently collect 1% of gross sales for the Marketing Fund. We have the right to increase the contribution up to a maximum of 2% of gross sales.
Non-compliance fee	\$250	Upon demand	We may charge you \$250 for any non-compliance with our system specifications or your franchise agreement. If such non-compliance is ongoing, we may charge you \$250 per week until you cease such non-compliance.
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 10% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	Upon demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$50 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	Upon demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.

Type of Fee	Amount	Due Date	Remarks
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Breach of territory fee	The greater of (i) \$500 or (ii) 75% of the amount paid by the customer outside of your territory.	On demand	If you serve a customer outside of your territory without our prior written commission, we may impose this fee
Special support fee	Our then-current fee, plus our expenses. Currently, \$600 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our expenses		We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Records audit	Our actual cost	Upon demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any month.
Inspection fee	Currently \$300, plus our out-of-pockets costs	Upon demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer fee	\$5,000	When transfer occurs	Payable if you sell your business.

Type of Fee	Amount	Due Date	Remarks
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us. All fees are imposed by us and collected by us. All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

There are no marketing cooperatives, purchasing cooperatives, or other cooperatives; therefore, our own outlets do not have any voting power on any fees imposed by a cooperative.

Notes

1. "Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

Item 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee	\$10,000 - \$10,000	Lump sum	Upon signing the franchise agreement	Us

Type of expenditure	Amount			Method of payment	When due	To whom payment is to be made
Business licenses & permits	\$50	-	\$200	As incurred	As incurred	Government agencies
Real estate; leasehold improvements (see Note 2)	\$0	-	\$150	As incurred	As incurred	Storage space owner
Furniture, fixtures, and equipment	\$3,500	-	\$5,000	As incurred	Prior to opening	Vendors and suppliers
Computer and POS systems	\$0	-	\$2,000	As incurred	Prior to opening	Vendors and suppliers
P.O. Box	\$50	-	\$100	As incurred	Prior to opening	Box rental space
Insurance	\$200	-	\$800	Lump sum	Prior to opening	Insurance company
Vehicle (see Note 4)	\$0	-	\$2,000	Lump sum	Prior to opening	Vendor
Signage	\$50	-	\$200	Lump sum	Prior to opening	Vendor
Opening inventory and supplies	\$1,500	-	\$2,000	Lump sum	Prior to opening	Vendors
Professional fees (lawyer, accountant, etc.)	\$500	-	\$1,500	As incurred	As incurred	Professional service firms
Market introduction plan / grand opening marketing	\$500	-	\$2,000	As incurred	As incurred	Vendors
Travel, lodging and meals for initial training	\$300	-	\$1,000	As incurred	During training	Airlines, hotels, and restaurants
Additional funds (for first 3 months) (see Note 4)	\$1,000	-	\$2,000			Suppliers
Total	\$17,650	-	\$28,950			

Notes

1. The initial franchise fee is refundable only as described in Item 5. None of the other expenditures in this table will be refundable.

2. We expect you will open as a home-based business, and therefore our low-end estimate is that you will have no costs for real property and leasehold improvement. The high end estimate assumes you rent storage space outside of your home. You will need a storage space of approximately 30-120 square feet.

3. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as marketing, additional inventory, and other operating expenses in excess of income generated by the business. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a Brixday Party business by our affiliate, and our general knowledge of the industry.

4. You will need a vehicle with approximately 70 cubic feet of cargo space or more, which is typically an SUV, minivan, or van. The low end assumes you own such a vehicle. The high end assumes you lease a vehicle for the business.

Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Supplies. You must purchase Lego® bricks. The bracelets in your Brix Boxes must be purchased from our designated supplier because they require a proprietary mold. The downhill derby and all accessories must be purchased from Derby Magic.

B. Real Estate. If you do not work from home, your business location is subject to our approval.

C. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an

“occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (iii) Workers Compensation coverage as required by state law. Your insurance policies must add us as additional insured.

D. Software. You must use software that we specify. See Item 11 for more details.

Us or our Affiliates as Supplier

Neither we nor any affiliate is currently a supplier of any good or service that you must purchase, although we reserve to the right to be a supplier (or the sole supplier) of a good or service in the future.

Ownership of Suppliers

None of our officers owns an interest in any supplier to our franchisees.

Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier’s capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but not are not obligated to do so) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

Revenue To Us and Our Affiliates

We do not derive revenue from the required purchases and leases by franchisees.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business is 20-30% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business is 5-10% of your total purchases and leases of goods and services to operate your business.

Payments by Designated Suppliers to Us

We do not receive payments from any designated suppliers based on purchases by you or other franchisees.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. However, we may do so in the future.

Benefits Provided To You For Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

Item 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	§ 6.1	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 6.4, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.5, 6.6	Items 7, 8 and 11

Obligation	Section in agreement	Disclosure document item
f. Fees	Article 4, §§ 7.8, 10.5, 11.2, 11.3, 14.5, 15.2, 16.1, 17.6	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.9 – 7.13, 7.15, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.8, 7.9	Item 8
k. Territorial development and sales quotas	N/A	Item 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 7.12, 7.13	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner's participation/management/staffing	§ 2.4	Items 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17
u. Renewal	§ 3.2	Items 6 and 17
v. Post-termination obligations	Article 13, § 14.3	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17

Item 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligations.

Item 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Our Pre-Opening Obligations

Before you open your business:

A. *Your Site.* Because we expect you will operate from your home, we do not assist you in (i) locating your site and negotiating the purchase or lease of the site, (ii) conforming the premises to local ordinances and building codes and obtaining any required permits, or (iii) constructing, remodeling, or decorating the premises.

B. *Hiring and training employees.* Because we expect you will be the sole employee of your business, we do not assist you with hiring or training employees.

C. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, inventory, and supplies necessary to open your business. (Section 5.2) We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

D. *Operating Manual.* We will give you access to our Operating Manual (Section 5.1).

E. *Initial Training Program.* We will conduct our initial training program. (Section 6.4). The current initial training program is described below.

F. *Business plan review.* If you request, we will review your pre-opening business plan and financial projections. (Section 5.2).

G. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Section 5.2).

H. *On site opening support.* We will have a representative provide on-site support for at least 2 days in connection with your business opening. (Section 5.2).

Length of Time To Open

The typical length of time between signing the franchise agreement and the opening of your business is 30-90 days. Factors that may affect the time period include your ability to obtain

a lease (if applicable), obtaining financing, obtaining business permits and licenses, scheduling initial training, and hiring employees.

Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees.* Because we expect you will be the sole employee of your business, we do not assist you with hiring or training employees.

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.3).

D. *Establishing prices.* Upon your request, we will provide recommended prices for products and services. (Section 5.3)

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administrative, bookkeeping, accounting, and inventory control. (Section 5.3). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* We will administer the Marketing Fund. (Section 5.3).

G. *Website.* We will maintain a website for the Brixday Party brand, which will include your business information and telephone number. (Section 5.3)

Advertising

(i) *Our obligation.* We will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which will be paid for by the Marketing Fund). We have no other obligation to conduct advertising.

(ii) *Your own advertising material.* You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

(iii) *Advertising council.* We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

(iv) *Local or Regional Advertising Cooperatives.* We do not currently have any local or regional advertising cooperatives, and we do not require you to join any such cooperatives. .

(v) *Advertising Fund.* You and all other franchisees must contribute to our Marketing Fund. Your contribution is 1% of gross sales per month. We may raise the contribution to 2% of gross sales. All franchisees contribute the same percentage. Any outlets that we operate also contribute to the Marketing Fund on the same basis. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

Because we are a new franchisor, we did not spend any money from the Marketing Fund in our most recently concluded fiscal year.

If not all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

No money from the Marketing Fund is spent principally to solicit new franchise sales.

(vi) *Market Introduction Plan.* You must develop a market introduction plan and obtain our approval of the plan at least 90 days before the projected opening date of your business.

(vii) *Recommended Spending.* We recommend you spend 5% or more of gross sales each month on marketing your business.

Computer Systems

We require you to obtain and use a computer with typical office software (such as email and word processing), and smartphone or tablet. We do not require any particular type of computer, smartphone, or tablet. If you already own these items, you may use them for your Brixday business.

We require you use internet-based software called Inflatable Office for event planning and management. This system will generate or store data about customers and events, and also manages scheduling, inventory tracking, contract management and payment status.

We also you to use require PayPal credit card scanning hardware for your mobile device.

(i) Inflatable Office is \$0-\$55 per month. PayPal has a pay per swipe fee of 2.7%

(ii) We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any such contract with a third party.

(iii) You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

(iv) We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$0 to \$500.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

Operating Manual

See Exhibit F for the table of contents of our Operating Manual as of our last fiscal year end, with the number of pages devoted to each subject and the total number of pages in the Operating Manual.

Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Welcome/ Orientation	15 minutes	-	Bakersfield, CA
Liability insurance selection	15 minutes	-	Bakersfield, CA
Website and email address setup	1 hour	-	Bakersfield, CA
QuickBooks set up and overview	1 hour	-	Bakersfield, CA
Inflatable Office setup and overview	1 hour	-	Bakersfield, CA
Pay Pal mobile device setup	30 minutes	-	Bakersfield, CA
Promotions and marketing materials	1 hour	-	Bakersfield, CA
Social Media setup	1 hour	-	Bakersfield, CA
Overview of Day 1/ Q & A	1 hour	-	Bakersfield, CA
Brix Box assembly and materials setup	1 hour	-	Bakersfield, CA
Inspection of bulk Lego® bricks	1 hour	-	Bakersfield, CA
Sanitation and cleaning procedures	1 hour	-	Bakersfield, CA
Downhill Derby track and table assembly	1 hour	-	Bakersfield, CA
Contracts and Schedule A training	30 minutes	-	Bakersfield, CA

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Lego® delivery/drop off and pick up demonstration	1 hour	-	Bakersfield, CA
Tradeshow setup and demonstration	1 hour 30 minutes	-	Bakersfield, CA
Conclusion of training / Q & A	1 hour	-	Bakersfield, CA
TOTALS:	15 hours	-	

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training class once per month. Training will be held at our offices and business location in Bakersfield, CA.

The instructional materials consist of the Operating Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Training classes will be led by Aaron Klassen. His experience is described in Item 2. He has one year of experience in our industry, and one year of experience with us or our affiliates.

There is no fee for additional personnel to attend training. You must pay the travel and living expenses of persons attending training.

You must attend training. You are not permitted to send additional people to our training program. You must complete training to our satisfaction at least four weeks before opening your business.

We do not currently require additional training programs or refresher courses, but we have the right to do so.

Item 12 TERRITORY

Your Location

We anticipate that you will operate from your home. If you decide to operate from a professional office, your location is subject to our approval.

Grant of Territory

Your franchise agreement will specify a territory, which will have a population of approximately 250,000-500,000 people. The boundaries of your territory will be specified by zip codes, county or city lines, or other limit.

Relocation; Establishment of Additional Outlets

If you want to relocate your business headquarters, you must obtain our prior approval. We will generally approve a request to relocate your headquarters for good business reasons. Your territory will remain unchanged.

You do not have the right to establish additional franchised outlets or expand into additional territory. If you desire to do so, you must (1) meet our then-current criteria for new franchisees, (2) be in compliance with your franchise agreement at all times since opening your business, (3) have demonstrated your capability to operate a multi-territory franchise successfully, and (4) obtain our agreement.

Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

Exclusivity

We grant you an exclusive territory. In your territory, we will not open a Brixday Party outlet, nor license or franchise another party to open a Brixday Party outlet. Continuation of your territorial exclusivity does not depend on any contingency. There are no circumstances that permit us to modify your territorial rights.

Restrictions on us from soliciting or accepting orders in your territory.

We will not serve customers in your territory, nor authorize another party to serve customers in your territory, under our Brixday Party brand. However, we may serve (or authorize other franchisees to serve) customers in your territory if you are in default, or if you are incapable of meeting customer demand in your territory. We may also serve (or authorize another franchisee to serve) a particular customer in your territory if you fail to properly serve such customer, or if we reasonably believe that you will not properly serve such customer. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory (i) using our principal trademarks, but only for sales of products or services different from the ones you will offer, and (ii) using trademarks different from the ones you will use. In the circumstances where the franchise agreement does not prohibit us from soliciting or accepting orders from inside your territory, we do not pay any compensation to you.

Soliciting By You Outside Your Territory

You cannot solicit or market to potential customers outside of your territory, except for solicitations or marketing which are primarily targeted inside the territory and which incidentally reach potential customers outside of the territory. You cannot serve customers outside of your territory without our prior written permission. We may withdraw permission at any time.

Competition By Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark and selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

Item 13 TRADEMARKS

Principal Trademark

The following is the principal trademark that we license to you. These trademarks are registered on the Principal Register of the United States Patent and Trademark Office:

Trademark	Registration Date	Registration Number
	July 7, 2015	4768244

Because the federal registration is not at least five years old, no Section 8 or 15 affidavit have been filed and the trademark above is not incontestable. The trademark has yet been renewed.

Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we shall defend you (at our expense) against any legal action by a third party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own rights in, or licenses to, patents that are material to the franchise.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operating Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for the purpose of your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for

expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You must protect the confidentiality of our Operating Manual and other proprietary information, and use our confidential information only for your franchised business. We may require your owners and key employees to sign confidentiality agreements.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You are required to participate personally in the direct operation of your business and provide “on-premise” supervision to your business.

If your business is owned by an entity, you must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Exhibit C). We do not require spouses to sign a guaranty.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only goods and services that we have approved.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made to customers in your territory.

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	§ 3.1	5 years from date of franchise agreement.
b. Renewal or extension of the term	§ 3.2	You may obtain a successor franchise agreement for up to three additional 5year terms.
c. Requirements for franchisee to renew or extend	§ 3.2	For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 5 year term. You may be asked to sign a contract with materially different terms and conditions than your original contract. To renew, you must give advance notice to us; be in compliance; renovate to then-current standard; sign then-current form of franchise agreement; sign general release (unless prohibited by applicable law).
d. Termination by franchisee	§ 14.1	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.
e. Termination by franchisor without cause	Not Applicable	

Provision	Section in franchise or other agreement	Summary
f. Termination by franchisor with cause	§ 14.2	
g. “Cause” defined--curable defaults	§ 14.2	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. “Cause” defined--non-curable defaults	§ 14.2	Misrepresentation when applying to be a franchisee; intentionally submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; libel or defamation of us; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of a felony or crime of moral turpitude, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured.
i. Franchisee’s obligations on termination/non-renewal	§§ 14.3 – 14.6	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by us	§ 15.1	Unlimited
k. “Transfer” by franchisee - defined	Article 1	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) direct or indirect ownership interest of more than 25% of the business, or (iv) control of the business.

Provision	Section in franchise or other agreement	Summary
l. Franchisor's approval of transfer by franchisee	§ 15.2	No transfers without our approval.
m. Conditions for franchisor's approval of transfer	§ 15.2	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer signs our then-current franchise agreement; you've made all payments to us and are in compliance with the franchise agreement; buyer completes training program; you sign a general release; business complies with then-current system specifications.
n. Franchisor's right of first refusal to acquire franchisee's business	§ 15.5	If you want to transfer your business, we have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	Not Applicable	
p. Death or disability of franchisee	§§ 15.4, 11.9	If you die or become incapacitated, your executor must transfer the business to a third party within nine months. We have the right to temporarily operate the business if you die or become incapacitated.
q. Non-competition covenants during the term of the franchise	§ 13.2	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor.
r. Non-competition covenants after the franchise is terminated or expires	§ 13.2	For two years, no ownership or employment by a competitor operating in your former territory or the territory of any other Brixday Party business operating on the date of termination.

Provision	Section in franchise or other agreement	Summary
s. Modification of the agreement	§ 18.4	No modification or amendment of the franchise agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	§ 18.3	The franchise agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. However, this does not disclaim the representations made by us in this disclosure document. Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	§ 17.1	All disputes are resolved by arbitration (except for injunctive relief).
v. Choice of forum	§§ 17.1; 17.5	Arbitration will take place where our headquarters is located (currently, Bakersfield, CA). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located.
w. Choice of law	§ 18.8	California (unless other state law applies).

For additional disclosures required by certain states, refer to Exhibit G - State Addenda to Disclosure Document

Item 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise.

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Aaron Klassen, P.O. Box 22462, Bakersfield, CA 93390-2462, and 661-378-2797, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For years 2013 to 2015

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2013	0	0	0
	2014	0	0	0
	2015	0	0	0
Company-Owned	2013	0	0	0
	2014	0	1	1
	2015	1	1	0
Total Outlets	2013	0	0	0

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
	2014	0	1	1
	2015	1	1	0

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2013 to 2015

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2013	0
	2014	0
	2015	0

Table 3
Status of Franchised Outlets
For years 2013 to 2015

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
N/A								
Totals	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets
For years 2013 to 2015

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
California	2013	0	0	0	0	0	0
	2014	0	1	0	0	0	1
	2015	1	0	0	0	0	1
Totals	2013	0	0	0	0	0	0
	2014	0	1	0	0	0	1
	2015	1	0	0	0	0	1

Table 5
Projected Openings As Of December 31, 2015

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company- Owned Outlets In the Next Fiscal Year
California	0	4	0
Nevada	0	1	0
Totals	0	5	0

Current Franchisees

Exhibit H contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

Former Franchisees

Exhibit H contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Sale of Previously Owned Outlet

We are not selling a previously-owned franchised outlet now under our control.

Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

Item 21 FINANCIAL STATEMENTS

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. Exhibit E contains our audited financial statements.

Item 22 CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement
- C. Guaranty and Non-Compete Agreement
- D. Form of General Release
- H. State Addenda to Franchise Agreement

Item 23 RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

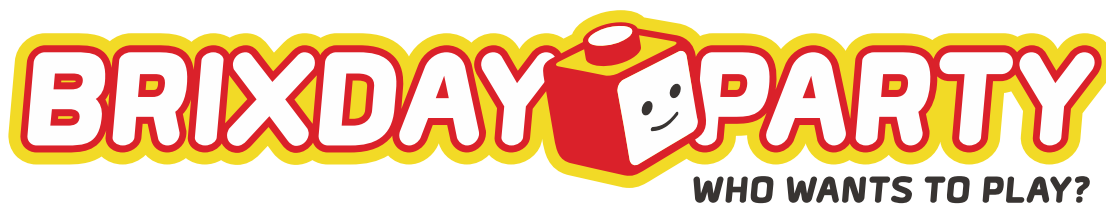
We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Business Oversight Department of Business Oversight 1-866-275-2677 <i>Los Angeles</i> 320 West 4 th Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 <i>Sacramento</i> 1515 K Street Suite 200 Sacramento, CA 95814-4052 (916) 445-7205 <i>San Diego</i> 1350 Front Street, Room 2034 San Diego, CA 92101-3697 (619) 525-4233 <i>San Francisco</i> One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	
Maryland	Maryland Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-7042	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Market Assurance Division 85 7 th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-6328	
New York	New York State Department of Law Investor Protection Bureau 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
South Dakota	Division of Securities 445 East Capitol Avenue Pierre, SD 57501-3185 (605) 773-4823	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	

EXHIBIT B
FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

SUMMARY PAGE	
1. Franchisee	_____
2. Effective Date	_____
3. Initial Franchise Fee	\$10,000
4. Business Location	_____
5. Territory	_____
6. Opening Deadline	_____
7. Principal Executive	_____
8. Franchisee's Address	_____

FRANCHISE AGREEMENT

This Agreement is made between Brixday Party Franchise LLC, a California limited liability company (“Brixday Franchise”), and Franchisee on the Effective Date.

Background Statement:

A. Brixday Franchise has created and owns a system (the “System”) for developing and operating a children’s Lego®-themed birthday party rental business under the trade name Brixday Party.

B. The System includes (1) methods and procedures for developing and operating a Brixday Party business, (2) plans, specifications, equipment, signage and trade dress for Brixday Party businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) technical knowledge, (7) marketing plans and concepts, (8) a website, (9) accounting and bookkeeping specifications, (10) methods and standards of operation, and (11) other mandatory or optional elements as determined by Brixday Franchise from time to time.

C. The parties desire that Brixday Franchise license the Marks and the System to Franchisee for Franchisee to develop and operate a Brixday Party business on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by Brixday Franchise.

“**Business**” means the Brixday Party business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business which offers a Lego® or toy rental business for children’s parties.

“**Confidential Information**” means all non-public information of or about the System, Brixday Franchise, and any Brixday Party business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

“**Gross Sales**” means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the

ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

“**Input**” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

“**Location**” means the location stated on the Summary Page.

“**Losses**” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Brixday Franchise’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“**Manual**” means Brixday Franchise’s confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“**Marketing Fund**” means the fund established (or which may be established) by Brixday Franchise into which Marketing Fund Contributions are deposited.

“**Marks**” means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by Brixday Franchise from time to time for use in a Brixday Party business.

“**Owner**” means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

“**Required Vendor**” means a supplier, vendor, or distributor of Inputs which Brixday Franchise requires franchisees to use.

“**System Standards**” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Brixday Franchise, which may include, without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design, equipment, inventory, marketing and public relations, operating hours, presentation of Marks, product and service offerings, quality of products and services, reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

“**Territory**” means the territory stated on the Summary Page.

“**Transfer**” means for Franchisee (or any owner of Franchisee) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) direct or indirect ownership interest of more than 25% of the Business, or (iv) control of the Business.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant. Brixday Franchise grants to Franchisee the right to operate a Brixday Party business solely in the Territory. Franchisee shall develop, open and operate a Brixday Party business in the Territory for the entire term of this Agreement. The parties acknowledge that Franchisee must operate the Business to meet Brixday Franchise’s minimum System Standards, but that the means of satisfying the System Standards are left to the control and discretion of Franchisee.

2.2 Protected Territory.

(a) Limitation. Franchisee shall not solicit or market to potential customers outside of the Territory, except for solicitations or marketing which are primarily targeted inside the Territory and which incidentally reach potential customers outside of the Territory.

(b) Service. Franchisee shall not serve customers outside of the Territory without Brixday Franchise’s prior written permission. Brixday Franchise may withdraw permission at any time. If Franchisee serves a customer outside of the Territory without Brixday Franchise’s prior written commission, Brixday Franchise may impose a fee equal to the greater of (i) \$500 or (ii) 75% of the amount paid by such customer to Franchisee. This fee is a reasonable estimate of Brixday Franchise’s internal cost of personnel time attributable to addressing Franchisee’s breach of this Section, and is not a penalty or estimate of all damages arising from Franchisee’s breach. This fee is in addition to all of Brixday Franchise’s other rights and remedies.

(c) Exclusivity. Brixday Franchise shall not establish, nor license the establishment of, another Brixday Party business within the Territory or which serves customers located in the Territory. However, Brixday Franchise retains the right to:

- (i) serve (or authorize other franchisees to serve) customers in the Territory if Franchisee is in default, or if Franchisee is incapable of meeting customer demand in the Territory (in Brixday Franchise’s reasonable opinion);
- (ii) serve (or authorize other franchisees to serve) a particular customer in the Territory if Franchisee fails to properly serve such customer, or if Brixday Franchise reasonably believes that Franchisee will not properly serve such customer;
- (iii) establish and license others to establish and operate Brixday Party businesses outside the Territory;
- (iv) operate and license others to operate businesses anywhere that do not operate under the Brixday Party brand name; and

- (v) sell and license others to sell Brixday Party products and services to customers in the Territory through channels of distribution (including the internet) so long as such products are services are not provided through a Brixday Party outlet in the Territory, and are different from the same products and services provided by Franchisee.

(d) **Policies.** Brixday Franchise may set policies binding on all franchisees regarding soliciting, marketing, and serving customers in another franchisee's territory, and Brixday Franchise may waive or modify such policies in any circumstance as Brixday Franchise determines. If Franchisee obtains a client in the protected territory of another franchisee, then, in addition to all other rights and remedies Brixday Franchise may have, Brixday Franchise may in its discretion (i) require Franchisee to transfer the client to such other franchisee, (ii) require Franchisee to pay such other franchisee 75% of the Gross Sales received from such client, or (iii) fashion such other remedy as Brixday Franchise deems appropriate.

2.3 Franchisee Control. Franchisee represents that Schedule 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner's interest in Franchisee. If any information on Schedule 1 changes (which is not a Transfer), Franchisee shall notify Brixday Franchise within 10 days.

2.4 Principal Executive. Franchisee agrees that the person designated as the "Principal Executive" on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive must participate in the direct operation and must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to Brixday Franchise's reasonable approval.

2.5 Guaranty. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to Brixday Franchise, in the form specified by Brixday Franchise.

2.6 No Conflict. Franchisee represents to Brixday Franchise that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

ARTICLE 3. TERM

3.1 Term. This Agreement commences on the Effective Date and continues for 5 years.

3.2 Successor Agreement. When the term of this Agreement expires, Franchisee may enter into a successor agreement for up to 3 additional periods of 5 years each, subject to the following conditions prior to each renewal:

- (i) Franchisee notifies Brixday Franchise of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Brixday Franchise (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to Brixday Franchise) changes to the Business as Brixday Franchise requires to conform to the then-current System Standards;
- (iv) Franchisee executes Brixday Franchise's then-current standard form of franchise agreement, which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive another renewal or successor term; and
- (v) Franchisee and each Owner executes a general release (on Brixday Franchise's then-standard form) of any and all claims against Brixday Franchise, its affiliates, and their respective owners, officers, directors, agents and employees.

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable, except as provided in Section 6.4.

4.2 Royalty Fee. Franchisee shall pay Brixday Franchise a monthly royalty fee (the "Royalty Fee") equal to 8% of Gross Sales. The Royalty Fee for any given month is due on the 5th day of the following month.

4.3 Marketing Fund Contribution. Franchisee shall contribute to the Brixday Party Marketing Fund (the "Marketing Fund Contribution") an amount determined by Brixday Franchise, not to exceed 2% of Gross Sales, at the same time as Franchisee pays the Royalty Fee.

4.4 Non-Compliance Fee. Brixday Franchise may charge Franchisee \$250 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to Brixday Franchise). If such non-compliance is ongoing, Brixday Franchise may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Brixday Franchise's internal cost of personnel time attributable to addressing the non-compliance, and is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of Brixday Franchise's other rights and remedies.

4.5 Payment Terms.

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to Brixday Franchise by pre-authorized bank draft or in such other manner as Brixday Franchise may require.

(b) Calculation of Fees. Franchisee shall report monthly Gross Sales to Brixday Franchise by the 5th day of the following month. If Franchisee fails to report monthly Gross Sales, then Brixday Franchise may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to 125% of the last Gross Sales reported to Brixday Franchise, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that Brixday Franchise has the right to remotely access to Franchisee's point-of-sale system and to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 10% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. Brixday Franchise may charge \$50 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by Brixday Franchise (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. Brixday Franchise may apply any payment received from Franchisee to any obligation and in any order as Brixday Franchise may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Brixday Franchise any fees or amounts described in this Agreement are not dependent on Brixday Franchise's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

ARTICLE 5. ASSISTANCE

5.1 Manual. Brixday Franchise shall make its Manual available to Franchisee.

5.2 Pre-Opening Assistance.

(a) Selecting Location. If Franchisee's Location is not listed on the Summary Page, then Franchisee shall select a headquarters Location within the Territory. Franchisee's Location is subject to Brixday Franchise's reasonable approval.

(b) Pre-Opening Specifications and Vendors. To the extent not included in the Manual, Brixday Franchise shall provide Franchisee with (i) applicable System Standards and other specifications as Brixday Franchise deems appropriate (which may include specifications

regarding inventory, supplies, materials, and other matters), and (iii) Brixday Franchise's lists of Approved Vendors and/or Required Vendors.

(c) Business Plan Review. If requested by Franchisee, Brixday Franchise shall review and advise on Franchisee's pre-opening business plan and financial projections. **Franchisee acknowledges that Brixday Franchise accepts no responsibility for the performance of the Business.**

(d) Pre-Opening Training. Brixday Franchise shall make available its standard pre-opening training to the Principal Executive and additional employees, at Brixday Franchise's headquarters and/or at a Brixday Party business designated by Brixday Franchise. Brixday Franchise shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses.

(e) Market Introduction Plan. Brixday Franchise shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(f) On-Site Opening Assistance. Brixday Franchise shall have a representative support Franchisee's business opening with at least two days of onsite opening training and assistance.

5.3 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, Brixday Franchise will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent Brixday Franchise deems reasonable. If Brixday Franchise provides in-person support in response to Franchisee's request, Brixday Franchise may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, Brixday Franchise will provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. Brixday Franchise will provide Franchisee with Brixday Franchise's recommended administrative, bookkeeping, accounting, and inventory control procedures. Brixday Franchise may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. Brixday Franchise shall manage the Marketing Fund.

(e) Internet. Brixday Franchise shall maintain a website for Brixday Party, which will include Franchisee's location (or territory) and telephone number.

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Location. Franchisee is solely responsible for selecting the Location. If the Location is not stated on the Summary Page, then Franchisee shall find a Location within the Territory, and

submit its proposed Location to Brixday Franchise for acceptance, with all related information Brixday Franchise may request. If Brixday Franchise does not accept the proposed Location in writing within 30 days, then it is deemed rejected.

6.2 Lease. In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by Brixday Franchise, Franchisee must submit the proposed lease to Brixday Franchise for written approval, and (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement.

6.3 Development. If the Location will be open to the public or used for meeting customers or potential customers, then the following applies: Franchisee shall construct (or remodel) and finish the Location in conformity with Brixday Franchise's System Standards. If required by Brixday Franchise, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining Brixday Franchise's approval of Franchisee's plans. Brixday Franchise may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by Brixday Franchise or its representatives regarding any architectural, engineering or legal matters in the development and construction of the Business, and Brixday Franchise assumes no liability with respect thereto. Brixday Franchise's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering or legal standards.

6.4 New Franchisee Training. Franchisee's Principal Executive must complete Brixday Franchise's training program for new franchisees. If the Principal Executive (i) fails to complete the initial training program to Brixday Franchise's satisfaction, or (ii) Brixday Franchise concludes, no more than 10 days after the Principal Executive completes the initial training program, that the Principal Executive does not have the ability to satisfactorily operate the Business, then Brixday Franchise may terminate this Agreement. In such event, Brixday Franchise shall refund the initial franchise fee to Franchisee (less any out-of-pocket costs incurred by Brixday Franchise), subject to Franchisee's prior execution of a general release of liability of Brixday Franchise and its affiliates, in a form prescribed by Brixday Franchise.

6.5 Conditions To Opening. Franchisee shall notify Brixday Franchise at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) Franchisee has hired sufficient employees, (5) Franchisee's officers and employees have completed all of Brixday Franchise's required pre-opening training; (6) Franchisee has conducted the market introduction campaign required under Section 9.6, and (7) Brixday Franchise has given its written approval to open, which will not be unreasonably withheld.

6.6 Opening Date. Franchisee shall open the Business to the public on or before the date stated on the Summary Page.

ARTICLE 7. OPERATIONS

7.1 Compliance With Manual and System Standards. Franchisee shall at all times and at its own expense comply with all System Standards and with all other mandatory obligations contained in the Manual.

7.2 Compliance With Law. Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

7.3 Products and Services. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by Brixday Franchise in the Manual or otherwise in writing.

7.4 Prices. Notwithstanding any provision of this Agreement or the Manual to the contrary, Franchisee retains the sole discretion to determine the prices it charges for products and services.

7.5 Personnel.

(a) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(b) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(c) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Brixday Franchise are not joint employers, and no employee of Franchisee will be an agent or employee of Brixday Franchise.

7.6 Post-Opening Training. Brixday Franchise may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by Brixday Franchise. Brixday Franchise may charge a reasonable fee for any training programs. Brixday Franchise may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

7.7 Identification. Franchisee must identify itself as the independent owner of the Business in the manner prescribed by Brixday Franchise.

7.8 Customer Complaints. Franchisee shall use its best efforts to promptly resolve any customer complaints. Brixday Franchise may take any action it deems appropriate to resolve a customer complaint regarding the Business, and Brixday Franchise may require Franchisee to reimburse Brixday Franchise for any expenses.

7.9 Customer Evaluation and System Compliance Programs. Franchisee shall participate at its own expense in programs required from time to time by Brixday Franchise for obtaining

customer evaluations and/or reviewing Franchisee's compliance with the System, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. Brixday Franchise shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Brixday Franchise for such programs.

7.10 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by Brixday Franchise (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by Brixday Franchise. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

7.11 Gift Cards, Loyalty Programs, and Incentive Programs. At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs or customer incentive programs, designated by Brixday Franchise, in the manner specified by Brixday Franchise in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Brixday Party business. Franchisee shall comply with all procedures and specifications of Brixday Franchise related to gift cards, certificates, and other pre-paid system, or related to customer loyalty or customer incentive programs.

7.12 Maintenance and Repair. If the Location will be open to the public or used for meeting customers or potential customers, then the following applies: Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property to the Business as Brixday Franchise may prescribe from time to time.

7.13 Vehicles. Franchisee shall ensure that any vehicle used for the Business complies with all applicable System Standards, including without limitation required equipment and exterior décor. Franchisee shall keep all vehicles in good repair, clean, and free of dents and other damage, and shall ensure that the vehicles presents a first-class image appropriate to Brixday Franchise's System. Franchisee shall use the vehicle solely for the Business.

7.14 Meetings. The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that Brixday Franchise requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

7.15 Insurance.

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by Brixday Franchise in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

- (i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy

form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;

- (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and
- (iii) Workers Compensation coverage as required by state law.

(b) Franchisee's policies must list Brixday Franchise and its affiliates as an additional insured and the policies must stipulate that Brixday Franchise shall receive a 30 day prior written notice of cancellation. Franchisee shall provide Certificates of Insurance evidencing the required coverage to Brixday Franchise prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of Brixday Franchise.

7.16 Suppliers and Landlord. Franchisee shall pay all vendors and suppliers in a timely manner. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location.

7.17 Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Brixday Party, the Business, or any particular incident or occurrence related to the Business, without Brixday Franchise's prior written approval.

7.18 Association With Causes. Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without Brixday Franchise's prior written approval.

7.19 No Other Businesses. If Franchisee is an entity, Franchisee shall not own or operate any other business except Brixday Party businesses.

7.20 No Third Party Management. Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of Brixday Franchise, which will not be unreasonably withheld.

ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Generally. Brixday Franchise may require Franchisee to purchase or lease any Inputs from Brixday Franchise, from Brixday Franchise's designee, Required Vendors, Approved Vendors, and/or under Brixday Franchise's specifications. Brixday Franchise may change any such requirement or change the status of any vendor. To make such requirement or change effective, Brixday Franchise shall issue the appropriate System Standards.

8.2 Alternate Vendor Approval. If Brixday Franchise requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Brixday Franchise. Brixday Franchise may condition its approval on such criteria as Brixday Franchise deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability,

reputation, and reliability; inspections; product testing, and performance reviews. Brixday Franchise will provide Franchisee with written notification of the approval or disapproval of any propose new vendor within 30 days after receipt of Franchisee's request.

8.3 Alternate Input Approval. If Brixday Franchise requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Brixday Franchise. Brixday Franchise will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

8.4 Purchasing. Brixday Franchise may implement a centralized purchasing system and negotiate prices and terms with vendors on behalf of the System. Brixday Franchise may receive rebates or payments from vendors in connection with purchases by franchisees. Brixday Franchise may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Brixday Franchise may determine.

ARTICLE 9. MARKETING

9.1 Approval. Franchisee shall not use any marketing materials or campaigns (including point-of-sale materials, advertising, social media marketing, and sponsorships) that have not been approved by Brixday Franchise.

9.2 Use By Brixday Franchise. Brixday Franchise may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, royalty-free license to Brixday Franchise for such purpose.

9.3 Marketing Fund. Brixday Franchise may establish a Marketing Fund to promote the System on a local, regional, national, and/or international level. If Brixday Franchise has established a Marketing Fund:

(a) Separate Account. Brixday Franchise shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from Brixday Franchise's other accounts.

(b) Use. Brixday Franchise shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as Brixday Franchise reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of Brixday Franchise's employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide a direct or any benefit to Franchisee. The Marketing Fund will be spent at Brixday Franchise's sole discretion, and Brixday Franchise has no fiduciary duty with regard to the Marketing Fund.

(d) Surplus or Deficit. Brixday Franchise may accumulate funds in the Marketing Fund carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, Brixday Franchise may loan such funds to the National Marketing Fund on reasonable terms.

(e) Financial Statement. Brixday Franchise will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of Brixday Franchise's fiscal year and will provide the financial statement to Franchisee upon request.

9.4 Market Introduction. Franchisee must develop a market introduction marketing plan and obtain Brixday Franchise's approval of the marketing plan at least 90 days before the projected opening date of the Business.

9.5 Internet Marketing. Brixday Franchise has the exclusive right to conduct and manage all marketing and commerce on the internet or other electronic medium, including all websites and "social media" marketing. Franchisee shall not conduct such marketing or commerce, nor establish any website or social media presence independently, except as Brixday Franchise may specify, and only with Brixday Franchise's consent. Brixday Franchise retains the right to approve any linking to or other use of Brixday Franchise's website. Franchisee must comply with any internet, online commerce and/or social media policy that Brixday Franchise may prescribe.

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Brixday Franchise may specify in the Manual or otherwise in writing.

10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as Brixday Franchise may require in the Manual or otherwise in writing, including:

- (i) a quarterly profit and loss statement and balance sheet for the Business within 30 days after the end of each fiscal quarter of Brixday Franchise's fiscal year, and
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of Brixday Franchise's fiscal year.

(b) Legal Actions and Investigations. Franchisee shall promptly notify Brixday Franchise of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the

Business. Franchisee shall provide such documents and information related to any such Action as Brixday Franchise may request.

(c) Government Inspections. Franchisee shall give Brixday Franchise copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to Brixday Franchise such other financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that Brixday Franchise may reasonably request.

10.3 Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to Brixday Franchise a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Brixday Franchise's Franchise Disclosure Document and with such other information as Brixday Franchise may request.

10.4 Business Records. Franchisee shall keep accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as Brixday Franchise may specify in the Manual or otherwise in writing.

10.5 Records Audit. Brixday Franchise may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. Brixday Franchise may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by Brixday Franchise. Franchisee shall also reimburse Brixday Franchise for all costs and expenses of the examination or audit if (i) Brixday Franchise conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any month.

10.6 Remote Access To Point of Sale System. Franchisee shall give Brixday Franchise unlimited access to Franchisee's point of sale system and other software systems related to the operation of the Business, by any means designated by Brixday Franchise.

ARTICLE 11. FRANCHISOR RIGHTS

11.1 Manual; Modification. The Manual, and any part of the Manual, may be in any form or media determined by Brixday Franchise. Brixday Franchise may supplement, revise, or modify the Manual, and Brixday Franchise may change, add or delete System Standards at any time in its discretion. Brixday Franchise may inform Franchisee thereof by any method that Brixday Franchise deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Manual, Brixday Franchise's master copy will control.

11.2 Inspections. Brixday Franchise may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with Brixday Franchise's inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. Brixday Franchise may videotape and/or take photographs of the inspection and the Business. Without limiting Brixday Franchise's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If Brixday Franchise conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then Brixday Franchise may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

11.3 Brixday Franchise's Right To Cure. If Franchisee breaches or defaults under any provision of this Agreement, Brixday Franchise may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Brixday Franchise for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.4 Right to Discontinue Supplies Upon Default. While Franchisee is in default or breach of this Agreement, Brixday Franchise may (i) require that Franchisee pay cash on delivery for products or services supplied by Brixday Franchise, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third party vendors to not sell or provide products or services to Franchisee. No such action by Brixday Franchise shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Brixday Franchise are in addition to any other right or remedy available to Brixday Franchise.

11.5 Business Data. All customer data and other data generated by the Business will be exclusively owned by Brixday Franchise. Brixday Franchise hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

11.6 Innovations. Franchisee shall disclose to Brixday Franchise all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employees, agents or contractors. Brixday Franchise will automatically own all Innovations, and will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee.

11.7 Delegation. Brixday Franchise may delegate any duty or obligation of Brixday Franchise under this Agreement to a third party.

11.8 System Variations. Brixday Franchise may vary or waive any System Standard for any one or more Brixday Party franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing

business practices or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

ARTICLE 12. MARKS

12.1 Authorized Marks. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by Brixday Franchise, and only in the manner as Brixday Franchise may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of Brixday Franchise.

12.2 Change of Marks. Brixday Franchise may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after Brixday Franchise makes any such change, Franchisee must comply with the change, at Franchisee's expense.

12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) Brixday Franchise shall defend Franchisee (at Brixday Franchise's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) Brixday Franchise will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement By Third Party. Franchisee shall promptly notify Brixday Franchise if Franchisee becomes aware of any possible infringement of a Mark by a third party. Brixday Franchise may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. Brixday Franchise shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by Brixday Franchise for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by Brixday Franchise, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Brixday Franchise (except for Confidential Information which Brixday Franchise licenses from another person or entity). Franchisee acknowledges that all customer data generated or obtained by Franchisee is Confidential Information belonging to Brixday Franchise. This Section will survive the termination or expiration of this Agreement indefinitely.

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor operating in any of Franchisee’s Territory or the territory of any other Brixday Party business operating on the date of termination or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then parties intend that the court modify such restriction to extent reasonably necessary to protect the legitimate business interests of Brixday Franchise. Franchisee agrees that the existence of any claim it may have against Brixday Franchise shall not constitute a defense to the enforcement by Brixday Franchise of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended for each day of noncompliance.

13.3 Employee Recruitment. During the term of this Agreement and for one year after termination, transfer, or expiration of this Agreement, Franchisee shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by Brixday Franchise or by any other Brixday Party franchisee.

13.4 General Manager and Key Employees. If requested by Brixday Franchise, Franchisee will cause its general manager and other key employees to sign Brixday Franchise’s then-current form of confidentiality and non-compete agreement.

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement only if Brixday Franchise violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after Brixday Franchise receives written notice of termination.

14.2 Termination by Brixday Franchise.

(a) Subject to 10-Day Cure Period. Brixday Franchise may terminate this Agreement if Franchisee does not make any payment to Brixday Franchise when due, or if Franchisee does not have sufficient funds in its account when Brixday Franchise attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after Brixday Franchise gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and fails to cure such breach to Brixday Franchise's satisfaction within 30 days after Brixday Franchise gives notice to Franchisee of such breach, then Brixday Franchise may terminate this Agreement.

(c) Without Cure Period. Brixday Franchise may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee intentionally submits any false report or intentionally provides any other false information to Brixday Franchise;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;
- (v) Franchisee loses possession of the Location;
- (vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;
- (viii) Franchisee or any Owner slanders or libels Brixday Franchise or any of its employees, directors, or officers;
- (ix) the Business is operated in a manner which, in Brixday Franchise's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from Brixday Franchise or otherwise);
- (x) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;

- (xi) Brixday Franchise (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate); or
- (xii) Franchisee or any Owner is charged with, pleads guilty to, or is convicted of a felony, or is accused by any governmental authority or third party of any act that in Brixday Franchise's opinion is reasonably likely to materially and unfavorably affect Brixday Franchise's brand.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, and indemnity, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to Brixday Franchise based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to Brixday Franchise all copies of the Manual, Confidential Information and any and all other materials provided by Brixday Franchise to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items;
- (iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to Brixday Franchise or any new franchisee as may be directed by Brixday Franchise, and Franchisee hereby irrevocably appoints Brixday Franchise, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and
- (iv) cease doing business under any of the Marks.

14.4 Remove Identification. If Franchisee operates from a Location other than Franchisee's home, then within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a Brixday Party business, to the reasonable satisfaction of Brixday Franchise. Franchisee shall comply with any reasonable instructions and procedures of Brixday Franchise for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, Brixday Franchise may enter the Location to remove the Marks and de-identify the Location. In this event, Brixday Franchise will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by Brixday Franchise.

14.5 Other Claims. Termination of this Agreement by Brixday Franchise will not affect or discharge any claims, rights, causes of action or remedies (including claims for Brixday

Franchise's lost future income after termination), which Brixday Franchise may have against Franchisee, whether arising before or after termination.

14.6 Purchase Option. When this Agreement expires or is terminated, Brixday Franchise will have the right (but not the obligation) to purchase any or all of the assets related to the Business at fair market value. To exercise this option, Brixday Franchise must notify Franchisee no later than 30 days after this Agreement expires or is terminated. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Brixday Franchise's purchase will be of assets only (free and clear of all liens), and will not include any liabilities of Franchisee. If Brixday Franchise exercises the purchase option, Brixday Franchise may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by Brixday Franchise to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to liens, Brixday Franchise may withhold a portion of purchase price directly to the lienholder to pay off such lien. Brixday Franchise may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. Brixday Franchise may assign this purchase option to another party.

ARTICLE 15. TRANSFERS

15.1 By Brixday Franchise. Brixday Franchise may transfer or assign this Agreement, or any its rights or obligations under this Agreement, to any person or entity, and Brixday Franchise may undergo a change in ownership and/or control, without the consent of Franchisee.

15.2 By Franchisee. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Brixday Franchise entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing Brixday Franchise at least 60 days prior notice of the proposed Transfer, and without obtaining Brixday Franchise's consent. In granting any such consent, Brixday Franchise may impose conditions, including, without limitation, the following:

- (i) Brixday Franchise receives a transfer fee equal to \$5,000;
- (ii) the proposed assignee and its owners have completed Brixday Franchise's franchise application processes, meet Brixday Franchise's then-applicable standards for new franchisees, and have been approved by Brixday Franchise as franchisees;
- (iii) the proposed assignee is not a Competitor;
- (iv) the proposed assignee executes Brixday Franchise's then-current form of franchise agreement, which form may contain materially different provisions;
- (v) Franchisee has paid all monetary obligations to Brixday Franchise in full, and Franchisee is not otherwise in default or breach of this Agreement;

- (vi) the proposed assignee and its owners and employees undergo such training as Brixday Franchise may require;
- (vii) Franchisee, its Owners, and the transferee and its owners execute a general release of Brixday Franchise in a form satisfactory to Brixday Franchise; and
- (viii) the Business fully complies with all of the Brixday Franchise's most recent System Standards.

15.3 Transfer for Convenience of Ownership. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to Brixday Franchise, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Brixday Franchise, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

15.4 Transfer upon Death or Incapacity. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the person with a largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by Brixday Franchise within nine months after death or incapacity. Such transfer must comply with Section 15.2.

15.5 Brixday Franchise's Right of First Refusal. Before Franchisee (or any owner) engages in a Transfer (except under Section 15.3 or Section 15.4), Brixday Franchise will have a right of first refusal, as set forth in this Section. Franchisee (or its owners) shall provide to Brixday Franchise a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of Brixday Franchise's receipt of such copy, Brixday Franchise will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that Brixday Franchise may substitute cash for any other form of payment). If Brixday Franchise does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

15.6 No Sublicense. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

15.7 No Lien on Agreement. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to Brixday Franchise) Brixday Franchise, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively,

“Indemnitees”) against all Losses in any Action by or against Brixday Franchise and/or any Indemnatee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnatee from claims arising as a result of any Indemnatee’s misconduct or negligence. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption by Brixday Franchise. Brixday Franchise may elect to assume the defense and/or settlement of any Action subject to this indemnification, at Franchisee’s expense. Such an undertaking shall not diminish Franchisee’s obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c), any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where Brixday Franchise’s headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief, pending the arbitral tribunal’s determination of the merits of the controversy.

(d) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for Brixday Franchise to comply with laws and regulations applicable to the sale of franchises.

(e) Performance During Arbitration or Litigation. Brixday Franchise and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.2 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party’s actual damages, except damages authorized by federal statute. In the event of termination of this Agreement prior the expiration of the term, Brixday Franchise’s actual damages will include its lost future income from Royalty Fees and other amounts that Franchisee would have owed to Brixday Franchise but for the termination.

17.3 Waiver of Class Actions. The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

17.4 Time Limitation. Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

17.5 Venue Other Than Arbitration. For any legal proceeding not submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where Brixday Franchise's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Brixday Franchise's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

17.6 Legal Costs. In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. Brixday Franchise is not a fiduciary of Franchisee and does not control Franchisee or its Business. Brixday Franchise has no liability for Franchisee's obligations to any third party whatsoever.

18.2 No Third Party Beneficiaries. This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Brixday Franchise, and Brixday Franchise's affiliates.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Brixday Franchise in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Brixday Franchise's rights to modify the Manual or System Standards.

18.5 Consent; Waiver. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Governing Law. The laws of the state of California (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to Brixday Franchise, addressed to P.O. Box 22462, Bakersfield, CA 93390-2462. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, Brixday Franchise may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

18.10 Joint and Several Liability. If two or more people sign this Agreement as “Franchisee”, each will have joint and several liability.

18.11 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by Brixday Franchise does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Brixday Franchise.

ARTICLE 19. CERTIFICATION OF FRANCHISOR’S COMPLIANCE

By signing this Agreement, Franchisee acknowledges the following:

- (1) Franchisee understands all the information in Brixday Franchise’s Disclosure Document.
- (2) Franchisee understands the success or failure of the Business will depend in large part upon Franchisee’s skills, abilities and efforts and those of the persons Franchisee employs, as well as many factors beyond Franchisee’s control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace.
- (3) That no person acting on Brixday Franchise’s behalf made any statement or promise regarding the costs involved in operating a Brixday Party franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.

- (4) That no person acting on Brixday Franchise's behalf made any claim or representation to Franchisee, orally, visually, or in writing, that contradicted the information in this Disclosure Document.
- (5) That no person acting on Brixday Franchise's behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money Franchisee may earn, or the total amount of revenue a Brixday Party franchise will generate, that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (6) That no person acting on Brixday Franchise's behalf made any statement or promise or agreement, other than those matters addressed in this Agreement, concerning advertising, marketing, media support, market penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Disclosure Document.
- (7) Franchisee understands that this Agreement contains the entire agreement between Brixday Franchise and Franchisee concerning the Brixday Party franchise, which means that any oral or written statements not set out in this Agreement will not be binding.

[Signatures on next page]

Agreed to by:

FRANCHISOR:

BRIXDAY PARTY FRANCHISE LLC

By: _____

Name: Aaron Klassen

Title: President

Date: _____

FRANCHISEE:

[if an individual:]

Name: _____

[if an entity:]

By: _____

Name: _____

Title: _____

Date: _____

Schedule 1 to Franchise Agreement

OWNERSHIP INFORMATION

1. **Form of Ownership.** Franchisee is a (check one):

_____ *Sole Proprietorship*
_____ *Partnership*
_____ *Limited Liability Company*
_____ *Corporation*

State of incorporation / organization / residence: _____

2. **Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

3. **Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

EXHIBIT C

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of Brixday Party Franchise LLC, a California limited liability company (“Brixday Franchise”).

Background Statement: _____ (“Franchisee”) desires to enter into a Franchise Agreement with Brixday Franchise for the franchise of a Brixday Party business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce Brixday Franchise to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to Brixday Franchise and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Brixday Franchise, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Brixday Franchise upon demand from Brixday Franchise. Guarantor waives (a) acceptance and notice of acceptance by Brixday Franchise of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that Brixday Franchise make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. Confidential Information. With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by Brixday Franchise for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Brixday Franchise, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any

unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by Brixday Franchise or its affiliates (except for Confidential Information which Brixday Franchise licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to Brixday Franchise. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete.

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor operating in any of Franchisee's Territory or the territory of any other Brixday Party business operating on the date of termination or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then parties intend that the court modify such restriction to extent reasonably necessary to protect the legitimate business interests of Brixday Franchise. Guarantor agrees that the existence of any claim it or Franchisee may have against Brixday Franchise shall not constitute a defense to the enforcement by Brixday Franchise of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended for each day of noncompliance.

4. Employee Recruitment. During the term of the Franchise Agreement and for one year after termination, transfer, or expiration of the Franchise Agreement, Guarantor shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by Brixday Franchise or by any other franchisee of Brixday Franchise.

5. Modification. Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which Brixday Franchise may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

6. Governing Law; Dispute Resolution. This Guaranty shall be governed by and construed in accordance with the laws of the state of California. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

EXHIBIT D

FORM OF GENERAL RELEASE

[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of Brixday Party Franchise LLC, a California limited liability company (“Brixday Franchise”).

Background Statement: *[describe circumstances of Release]*

Releasor agrees as follows:

1. **Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases Brixday Franchise, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
2. **Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.
3. **Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
4. **Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Brixday Franchise reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

Agreed to by:

Name: _____

Date: _____

EXHIBIT E
FINANCIAL STATEMENTS



A. ANDREW GIANIODIS

CERTIFIED PUBLIC ACCOUNTANT

BRIXDAY PARTY FRANCHISE, LLC

APRIL 30, 2016

FINANCIAL STATEMENTS

279 Niagara Falls Blvd.

Amherst, New York 14226

716 – 510-6068

BRIXDAY PARTY FRANCHISE, LLC

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A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

May 6, 2016

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members of
Brixday Party Franchise, LLC:

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of Brixday Party Franchise, LLC as of April 30, 2016 and the related statements of operations, changes in owner's equity and cash flows for the period then ended. These financial statements are the responsibility of the Company's management.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with generally accepted auditing standards as accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I express no such opinion.

-1-

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

Brixday Party Franchise, LLC

Balance Sheet
April 30, 2016

ASSETS

CURRENT ASSETS	
Cash	\$ 70
Due From Owner	14,915
TOTAL CURRENT ASSETS	<u>14,985</u>
OTHER ASSETS	
Intangible Assets (Net)	<u>-</u>
TOTAL ASSETS	<u>\$ 14,985</u>

LIABILITIES & EQUITY

CURRENT LIABILITIES	
Accounts Payable	\$ -
TOTAL CURRENT LIABILITIES	<u>-</u>
TOTAL LIABILITIES	<u>-</u>
EQUITY	
Member's Equity	15,070
Retained Earnings	<u>(85)</u>
TOTAL EQUITY	<u>14,985</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 14,985</u>

See accompanying notes

Brixday Party Franchise, LLC

Statement of Operations Period ending April 30, 2016

Revenues	
Initial franchise fee revenue	\$ -
Continuing fee revenue	-
Other franchise revenues	-
Total revenue	<u>-</u>
Expenses	
Advertising and marketing	-
Auto expenses	-
Computer expenses	-
Dues and subscriptions	-
Miscellaneous	-
Office supplies	-
Payroll expenses	-
Postage	-
Professional fees	-
Registrations	85
Supplies	-
Travel and meals	-
Utilities	-
Depreciation	-
Total expenses	<u>85</u>
Net Loss	<u>\$ (85)</u>

See accompanying notes

Brixday Party Franchise, LLC

Statement of Changes in Equity Period ending April 30, 2016

	Member's Equity	Retained Earnings	Total Equity
Balance, March 23, 2016	\$ -	\$ -	-
Capital Contribution	15,070	-	15,070
Draws	-	-	-
Income	-	(85)	(85)
Balance, April 30, 2016	<u>\$ 15,070</u>	<u>\$ (85)</u>	<u>14,985</u>

See accompanying notes

Brixday Party Franchise, LLC

Statement of Cash Flows Period ending April 30, 2016

Cash flows from operating activities:

Net Income	\$	(85)
Adjustments to reconcile net loss to net cash provided by Depreciation & amortization		-
Changes in assets and liabilities		
Current assets		(14,915)
Current liabilities		-

Net cash provided by operating activities		<u>(15,000)</u>
---	--	-----------------

Cash flows from investing activities:

Purchase of fixed assets		-
Net cash provided by investing activities		<u>-</u>

Cash flows from financing activities:

Capital Infusion		-
Member's Draws		15,070
Net cash provided by financing activities		<u>15,070</u>

Net increase in cash		70
----------------------	--	----

Cash - beginning of year		<u>-</u>
--------------------------	--	----------

Cash - end of year	\$	<u><u>70</u></u>
--------------------	----	------------------

Supplemental Disclosures

Interest Paid	-
Income Taxes Paid	-

See accompanying notes

BRIXDAY PARTY FRANCHISE, LLC NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Brixday Party Franchise, LLC is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

ORGANIZATION AND NATURE OF BUSINESS

The Company was incorporated under the laws of the State of California for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Brixday Party operation, as a franchisee.

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, the Company considers unrestricted currency, demand deposits, money market accounts and all highly liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents.

REVENUE RECOGNITION

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectability of the fee, the Company will use the installment method of recognition of the initial fee as revenue. Monthly royalty fees will be recognized earned based on franchisees monthly revenue.

BRIXDAY PARTY FRANCHISE, LLC NOTES TO FINANCIAL STATEMENTS

COMPANY INCOME TAXES

The Company, with the consent of its ownership, has elected to be treated as an LLC. As such, the Company is not responsible for income taxes on its taxable income; rather, the members will be responsible for their pro rata share of any taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at April 30, 2016, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

NOTE 3 COMMITMENTS AND CONTINGENCIES

The Company does not carry general liability or worker's compensation coverage, nor is it self-insured.

NOTE 4 FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- B. The franchisee is obligated to pay a non-refundable initial franchise fee.
- C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

BRIXDAY PARTY FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 5 SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 6, 2016, the date that the financial statements were available to be issued.

EXHIBIT F

OPERATING MANUAL TABLE OF CONTENTS

Manual Section	Number of Pages
Preface & Introduction	33
Establishing My Franchise Business	39
Personnel	50
Administrative Procedures	27
Daily Procedures	24
Selling & Marketing	24
Total Number of Pages	197

EXHIBIT G

CURRENT AND FORMER FRANCHISEES

Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

None

Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

None

EXHIBIT H

STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of California only, this Disclosure Document is amended as follows:

Risk Factors

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.
2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.
3. FRANCHISEES CANNOT ENGAGE IN OR HAVE A FINANCIAL INTEREST IN ANY SIMILAR BUSINESSES AND POTENTIAL FRANCHISEES SHOULD SEE ITEM 16 OF THIS DISCLOSURE DOCUMENT FOR MORE INFORMATION.

Item 17

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

Termination Upon Bankruptcy. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

Post-Termination Noncompetition Covenants. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Arbitration. The franchise agreement requires binding arbitration. The arbitration will occur at Bakersfield, California, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Applicable Law. The franchise agreement requires application of the laws of the State of California. This provision may not be enforceable under California law.

General Releases. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

Modification. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: _____
2. A proposed registration or filing is or will be shortly on file in the following states: _____
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Illinois only, this Disclosure Document is amended as follows:

The following is added to Item 17(f):

The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law, 815 ILCS 705/1-44.

The following is added to Item 17(u), (v), and (w):

Illinois law will govern any franchise agreement if (i) an offer to sell or buy a franchise is made in Illinois and accepted within or outside of Illinois, or (ii) an offer to sell or buy a franchise is made outside of Illinois and accepted in Illinois, or (iii) the offeree is domiciled in Illinois, or (iv) the franchised business is or will be located in Illinois.

Any condition of the franchise agreement that designates litigation, jurisdiction or venue in a forum outside of Illinois is void as to any cause of action that otherwise is enforceable in Illinois provided the franchise agreement may provide for arbitration in a forum outside of Illinois.

Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of Illinois is void.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

As a condition of the sale of a franchise, we do not require you to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability under the Maryland Franchise Law.

You are not required to provide a release from liability under the provisions of the Maryland Franchise Law as part of a franchise agreement or as a condition of the sale, renewal, or assignment of a franchise.

You are not required to assent to a period of limitations for causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland, other than the period of limitations set forth in that statute. You must bring an action under such law within three years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

ITEM 3: LITIGATION

None of the Franchisor, its Predecessor, or any person identified in Item 2 or an affiliate offering franchises under the Franchisor's principal trademark:

(A) Has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations, nor has any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

(B) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise; anti-fraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; unfair or deceptive practices; or comparable allegations.

(C) is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

ITEM 4: BANKRUPTCY

Neither the Franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code (or any comparable foreign law); (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position in the company or partnership.

ITEM 5: INITIAL FEES

We use the proceeds from initial fees to defray a portion of our expenses in connection with the sale and establishment of franchises, such as: (1) costs related to developing and

improving our services; (2) expenses of preparing and registering this disclosure document; (3) legal fees; (4) accounting fees; (5) costs of obtaining and screening franchisees; and, (6) general administrative and operational expenses.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.

(d) The franchisee may terminate the agreement on any grounds available by law.

(j) However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement.

(w) The forgoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by article 33 of the General Business law of the state of New York.

ITEM 19: ADDITIONAL DISCLOSURES.

REPRESENTATIONS REGARDING EARNINGS CAPABILITY

BRIXDAY PARTY FRANCHISE LLC DOES NOT FURNISH OR AUTHORIZE ITS SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF A FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND BRIXDAY PARTY FRANCHISE LLC CANNOT ESTIMATE THE EARNINGS OF ANY PARTICULAR FRANCHISE.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

(See Exhibit I for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

EXHIBIT I

STATE ADDENDA TO FRANCHISE AGREEMENT

ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____, 201__ (the “Agreement”), between Brixday Party Franchise LLC, a California limited liability company (“Brixday Franchise”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.

2. Governing Law and Jurisdiction. Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

3. Limitation of Claims. No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

4. Waivers Void. Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois (including, but is not limited to, statements involving unregistered earnings claims, timely disclosure, warranty, material misrepresentations or limitation of liability) is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

5. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

BRIXDAY PARTY FRANCHISE LLC

By: _____

Name: _____

Title: _____

Date: _____

INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____, 201__ (the “Agreement”), between Brixday Party Franchise LLC, a California limited liability company (“Brixday Franchise”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Deleted. Any provision of the Agreement which would have any of the following effects is hereby deleted:

- (1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.
- (2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.
- (3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.
- (4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.
- (5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.
- (6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official

price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

BRIXDAY PARTY FRANCHISE LLC

By: _____

Name: _____

Title: _____

Date: _____

MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____, 201__ (the “Agreement”), between Brixday Party Franchise LLC, a California limited liability company (“Brixday Franchise”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. No Waiver of State Law In Sale. Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, Brixday Franchise shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve Brixday Franchise or any other person from liability under the Maryland Franchise Law.

3. No Release of Liability. Notwithstanding any provision of the Agreement to the contrary, Brixday Franchise shall not require Franchisee to provide a release from liability under the provisions of the Maryland Franchise Law as part of the Agreement or as a condition of the sale, renewal, or assignment of the franchise.

4. Statute of Limitations. Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

5. Jurisdiction. Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

6. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

BRIXDAY PARTY FRANCHISE LLC

By: _____

Name: _____

Title: _____

Date: _____

MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____, 201__ (the “Agreement”), between Brixday Party Franchise LLC, a California limited liability company (“Brixday Franchise”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

BRIXDAY PARTY FRANCHISE LLC

By: _____

Name: _____

Title: _____

Date: _____

NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____, 201__ (the "Agreement"), between Brixday Party Franchise LLC, a California limited liability company ("Brixday Franchise") and _____, a _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Waivers Not Required. Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Brixday Franchise or any other person from any duty or liability imposed by New York General Business Law, Article 33.

3. Waivers of New York Law Deleted. Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Brixday Franchise with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

4. Governing Law. Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

4. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

BRIXDAY PARTY FRANCHISE LLC

By: _____

Name: _____

Title: _____

Date: _____

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____, 201__ (the “Agreement”), between Brixday Party Franchise LLC, a California limited liability company (“Brixday Franchise”) and _____, a _____ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. **Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary & Punitive Damages: Franchisee does not waive of exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

BRIXDAY PARTY FRANCHISE LLC

By: _____

Name: _____

Title: _____

Date: _____

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____, 201____ (the “Agreement”), between Brixday Party Franchise LLC, a California limited liability company (“Brixday Franchise”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Jurisdiction and Venue. Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

BRIXDAY PARTY FRANCHISE LLC

By: _____
Name: _____
Title: _____
Date: _____

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT
AND
RIDER TO FRANCHISE AGREEMENT**

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitation period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

BRIXDAY PARTY FRANCHISE LLC

By: _____

Name: _____

Title: _____

Date: _____

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Brixday Party Franchise LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Brixday Party Franchise LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Aaron Klassen	11200 Prairie Stone Place, Bakersfield, CA 93311	661-378-2797

Issuance Date: May 6, 2016

I received a disclosure document dated May 6, 2016, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement
- C. Guaranty and Non-Compete Agreement
- D. Form of General Release
- E. Financial Statements
- F. Operating Manual Table of Contents
- G. Current and Former Franchisees
- H. State Addenda to Disclosure Document
- I. State Addenda to Franchise Agreement

Signature: _____

Print Name: _____

Date Received: _____

Keep This Copy For Your Records

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Brixday Party Franchise LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Brixday Party Franchise LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Aaron Klassen	11200 Prairie Stone Place, Bakersfield, CA 93311	661-378-2797

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- F. Operating Manual Table of Contents
- G. Current and Former Franchisees
- H. State Addenda to Disclosure Document
- I. State Addenda to Franchise Agreement

Signature: _____

Print Name: _____

Date Received: _____

Return this copy to us.

**Brixday Party Franchise LLC
P.O. Box 22462, Bakersfield, CA 93390-2462**